

Campground

California RV & Campgrounds

41 Waterway Loop
Tenino, California 98589

Gerald Rekve

California RV & Campgrounds will be a fully-equipped, soft activity facility catering to families. It is situated in an area that is a destination spot for tourists looking for a beautiful and safe place to relax and enjoy a range of outdoor activities. There will be campsites for tents as well as fully-equipped RV sites.

EXECUTIVE SUMMARY

Business Overview

California RV & Campgrounds is a new business scheduled to start operations April 15, 2006.

California RV & Campgrounds is situated on the waterfront in Tenino, the gateway to Layout Sound, on the east coast of Los Waterville, California. Initially the business will offer 20 tent sites, each big enough for four people, and 10 fully-equipped RV sites. The campground will also offer a small laundry room, shower room, and recreational activities including: guided cultural hiking tours, summer fishing tours, whale watching tours, mountain biking trails, bird and wildlife viewing, photography, surfing, beach volleyball, picnic tables and barbeques.

Mr. Charles Pearce has cleared the land over the past twelve months. He holds Certificates of Possession on the land and has received a BCR from the Prince Albert Regional Park Partners for this project.

Financing will be sought through First State Bank in the amount of \$70,000. When this amount is added to owners' equity of \$11,500, a total project budget of \$81,500 will be available. These funds will be used to establish the hydro and electrical infrastructure, place the RV pads, equip the office, make improvements to the trailer, and develop materials (brochures, business cards, and a website) to market the campground.

Operations

California RV & Campgrounds will operate year round with 3–5 anticipated permanent RV clients and seasonal tent camping clients. It will be sold as a safe, family-oriented destination that is easily accessible to Mainland and Coastal-region families.

Mr. Pearce already owns an aluminum skip boat (valued at \$10,000) which will be used for fishing tours and whale watching tours. Mr. Jack Osborn has a 12 foot by 40 foot trailer (valued at \$13,000) on the property which will serve as the office, laundry room, and shower facility for campers. The washer and dryer will be leased at a rate of \$150.00 per month.

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Upon approval of funding, California RV & Campgrounds will be incorporated for liability reasons. Due to the nature of the business it is not anticipated that California RV & Campgrounds will require an environmental audit.

Management Summary

Mr. Charles Pearce and Mr. Jack Osborn will be the sole owners and operators of the facility. Ms. Wendy Summers will be the company's bookkeeper and Mr. Bill Hampton, CA will complete the company's annual financials.

With a projected 15% growth per annum, it is anticipated that the company will hire two seasonal students in the summers within the first five years of operation.

BUSINESS STRATEGY

California RV & Campgrounds has a unique market advantage with a waterfront property in world famous Tenino. Because the property was leased from the government, there are no ongoing lease costs or facility rental costs associated with operations. In addition, the cultural knowledge and skills that both owners and staff bring to the operation will enhance the tourism experience.

California RV & Campgrounds will be located in beautiful Tenino, which is commonly referred to as the gateway to pristine Layout Sound on the West Coast of California. The site is only 4 miles away from the Pacific Rim National Park which features many boardwalks and a world famous old growth swamp. In addition, whale watching is featured in the region, as each year 20,000 Gray Whales migrate past Tenino on their way to their summer feeding grounds in the waters of Mexico. Other regional features include Long Beach where surfers challenge the breakers, natural hot springs in Hot Springs Cove, and the grouping of islands in beautiful Layout Sound where kayakers abound along with scuba divers and underwater divers.

Swamp tours consist of specialized boats equipped for client safety. These boats have both internal viewing areas equipped with air-conditioning as well as small snack vending machines. The outside viewing decks have chairs with seatbelts. Some of the tours take place in alligator-infested areas, so every precaution for client safety is taken.

GROWTH STRATEGY

According to *California Statistics 2002*, tourism is the second largest industry in California and camping represents 13% of this market. Furthermore, tourism revenues in California are up, reaching a new high of \$9.2 billion in 2003, a 4.9 percent increase over 2002. The state also enjoyed a record 22.3 million visitors. *California Statistics 2002* also reported that developed camping and hiking—both of which are California RV & Campgrounds' primary attractions—will experience a 49 to 57 percent growth rate from 1995–2050.

A California Tourism study completed in 2002 found that eco-tourism in California generated \$995 million in revenue in 2001 and employed more than 13,000 people, an 11% increase from the previous year. The second strongest area in tourism in California is retired tourism. In addition, the U.S Tourism Council also stated that a survey indicates that 25% of the international tourists showed interest in cultural experiences.

Success Factors

California RV & Campgrounds will operate with a strong experienced manager. It has a unique product and world-famous location within a growing and strong tourism market. The seasonality of the business is offset through the promotion and recruiting of long-term permanent RV residents who are conservatively estimated to number only three in the first year of operation.

FINANCIAL ANALYSIS

Item	Cost
20 RV pads	\$ 30,000
Office furniture, computer, printer	\$ 3,000
Hydro hook ups	\$ 50,000
Electrical hook ups	\$ 70,000
Incorporation costs	\$ 2,500
Specialized boats (lease down payment)	\$ 22,000
Marketing: brochures/website/CA tourist information centers	\$ 4,400
Operating capital	\$ 20,000
Total required	\$182,000
Less owner equity	-\$ 20,000
Total financing required	= \$162,000

PRODUCTS & SERVICES

California RV & Campgrounds will be a fully-equipped, soft activity facility catering to families. It is situated in an area that is a destination spot for tourists looking for a beautiful and safe place to relax and enjoy a range of outdoor activities.

Initially the business will offer 20 tent sites, each big enough for four people, and 10 fully-equipped RV sites. The campground will also offer a small laundry room, shower room, and recreational activities including: guided cultural hiking tours, summer fishing tours, whale watching tours, mountain biking trails, bird and wildlife viewing, photography, surfing, beach volleyball, picnic tables and barbeques.

Mission Statement

California RV & Campgrounds will offer high-quality customer service and safe, family-oriented camping facilities as a profit and growth oriented business.

MARKET ANALYSIS

History of the Industry

Camping provides an opportunity to experience nature and the environment firsthand. Campers participate in fishing, hunting, swimming, wildlife viewing, and nature photography activities. Just as importantly, camping helps people escape the stress of urban life while providing physical benefits, including exercise from hiking, swimming and many other activities. Scouts, Girl Guides and many other youth organizations believe that camping instills confidence in youth and offers older campers' opportunities to challenge themselves in unfamiliar surroundings.

Camping takes many forms. In the 19th century, American naturalist and explorer John Muir routinely set off into the woods with little more than a sack of food and a journal to write his thoughts. In the early 20th century, American conservationist and philosopher Aldo Leopold paddled a canoe and rode horseback through the wilderness of the Midwest as a writer.

Modern camping enthusiasts may share the emotions of earlier naturalists, along with their desire to experience nature, but they usually camp in commercial campgrounds which serve as campsites for RVs and backpackers on the outskirts of national and state parks, along highways throughout the United States, and along both coastlines.

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Present Conditions

Currently, there are over 230 campsites in California State Parks and numerous private ones, 23% of these on Los Waterville, California. The total number of recreational areas, state parks and ecological reserves equals a little more than 800. Most campsites are either within or next to state parks. State park campsites recorded 2.6 million visits in 2005, down from the year before. Los Waterville Island parks, however, bucked the downward trend with visits increasing by two percent in 2005. Campgrounds on the Island logged 788,888 visits and parks recorded 3.8 million day trips that year. On average, mid-Island campsites record an average of 73,222 overnight visitors each season. Independent campgrounds are generally less feasible due the land lease or purchase costs associated. This unique opportunity for California RV & Campgrounds to compete directly with industry campgrounds is a direct result of no lease or purchase costs associated with the site's Government Leased designation.

The campground business is undergoing some changes to meet consumer demand for a higher level of convenience and a wider choice of recreational activities, which California RV & Campgrounds will be able to fulfill. Studies show that successful campgrounds offer a range of on-site outdoor activities, as well as making the most of opportunities provided by the surrounding wilderness or park areas as California RV & Campgrounds does.

Competition

While the competition is intense on the Island with 45 campsites currently in operation, there is only one campsite listed for Tenino—"Pacific Rafting Adventure Resort". This company is geared more towards extreme adventure tourism and does not cater to the same soft adventure client that California RV & Campgrounds targets and therefore is considered an indirect competitor.

Additional indirect competitors for California RV & Campgrounds are six RV Campgrounds, three of which cater to specific target markets of: golf, fishing, and surfing. Of the remaining three, two are listed as resorts and represent a higher cost product. The sixth campground, Ocean Camp Campground, is considered a direct competitor. Ocean Camp Campgrounds prices are slightly higher; however they do offer a greater variety of site amenities but target primarily RV Campers.

Although competition in the camping sector is intense, sales for the Los Waterville Island industry have increased annually. Because of this, there are plenty of opportunities for newer, high-end campsites with all the facilities and conveniences. To be successful within the industry, a lake or ocean location in a superior natural setting is more important than ever. Proximity to other tourist attractions, such as a nearby town or city, is also an advantage.

OPERATIONS

Location and Facilities

California RV & Campgrounds is easily accessible by Island and Mainland residents, and during peak camping season (May, June, July and August) the campground will take advantage of high volumes of tourists traveling to California Tourist Information Centers.

California RV & Campgrounds will be a 23-acre property featuring 20 tent sites and 10 RV sites. The property is waterfront and will feature Prince Albert Regional Park art designs on the offices/wash-rooms/laundry room as well as offer culturally-minded hiking tours of the area.

Advertising

The company will advertise the campgrounds through various avenues including the Internet and a prominent ad in a brochure put out by the California Tourist Information Centers. We will take

reservations by phone with a 50% deposit, which is the industry standard. Services such as guided cultural hiking tours and fishing tours can be offered at this time and will be undertaken by Mr. Charles Pearce who possesses an excellent knowledge of Prince Albert Regional Park history and culture. These aspects of operations are anticipated to represent less than three percent of overall revenues in the first year of operation. However, as demand for this unique service increases, the company will hire a site secretary to oversee the available services.

An artist will be painting the signs for the camp and the trailer to enhance the Prince Albert Regional Park artistry and unique features of this campground.

OBJECTIVES

Pre-Opening Goals

- Secure loan of \$70,000 to develop site.
- Meet with local fire department to discuss fire safety regulations.
- Schedule contracts and contractors to establish infrastructure: water, sewage, and laying RV pads.
- Buy liability insurance.
- Begin minor construction work: paint trailer, install leased coin operated washer/dryer.
- Purchase office equipment, furniture and computer and establish administrative systems.
- Open a merchant's account with a local bank and set up a direct debit and Visa payment system.
- Undertake First Aid Training.
- Create advertising pieces, promotional items, and a waiver form for customers to sign to limit responsibility on the campground.
- Identify internet hosting company to register website name and establish website.
- Establish links with target communities through the California Tourist Information Centers and local Chambers of Commerce.
- Open for business April 2006.

A final compliance inspection under the Fire Services Act and Building Code is scheduled for April 10, 2006. The campsite should be fully operational by April 15, 2006.

Post-Opening Goals (Medium-term)

- Increase market share.
- 10% growth per annum.
- Lease pop machine.

Post-Opening Goals (Long-term)

- Add 20 more RV sites for a total of 30.
- Purchase and rent kayaks and canoes.
- Establish plan to sell convenience items.

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MAJOR SUPPLIERS

Supplier/ location	Supplies	Terms
Timmons Construction, Tenino	RV pads	COD
Tenino Regional District, Tenino	Hydro/sewage/water	COD
Valley Gardens, Tenino	Grounds landscaping	COD
Ace Appliances, Coastal BC	Coin operated washer/dryer	5 year lease

CUSTOMERS

California RV & Campgrounds' target customers are from the Greater Los Waterville Regional District and Los Waterville. Studies show California campground visitors are mostly residents of California. The statistics reflect a growing number of American visitors who feel safe traveling in California.

Baby boomers are also a growing market. The average age of campground visitors is 35 to 55. Most visitors have a slightly higher than average disposable income (money to spend after all expenses are paid), with a family income of about \$80,000 plus annually. Many visitors to campgrounds are families, with parents ranging from 40 to 55 and children averaging five to 15. This market segment has an annual income of from \$60,000 to \$80,000. The RV market, mostly retirees, has an average income of \$45,000.

The primary market segments for the California RV & Campgrounds are families from the nearby Coastal region and the Lower Mainland area. The Coastal region has a population of 1,449,000, while the surrounding 200 mile radius now has a population of nearly 2.9 million. In California, 6 out of 10 families have children living at home; more specifically, 42% of all families in the state have children between the ages of 6–17. This group will form the majority of clients that are drawn to California RV & Campgrounds.

MARKETING & SALES

California RV & Campgrounds will adopt a strategic marketing campaign which includes: brochures, a California Tourist Information Centers agreement, a website, and networking within the region to schools and the local Chamber of Commerce.

California RV & Campgrounds will promote the campgrounds as a safe, family-oriented camping experience on the beautiful east coast of Los Waterville Island. Features such as fishing expeditions and whale watching will be touted. The guided cultural hiking tours will be advertised as a year long activity, because this area is renowned for its spectacular winter ocean storms.

The company will track the marketing methods to optimize their effectiveness by asking clients how they heard of the camp, maintaining client records, and sending annual postcards inviting former guests to return with a "wish you were here" note signed by the owners. These postcards will also act as the company's brochures and will be designed to the specifications as required by California Tourist Information Centers where they will be placed. The California Tourist Information Center's agreement will allow the company to place their brochures at the tourist information centers where there are very high numbers of tourists and along the ferry routes that bring tourists to the Island.

Further, the company will establish a website targeted to American tourists featuring many regional aesthetic features such as the Gray Whales, artwork images that backdrop the cultural hiking tours and images of the site and the beachfront with brilliant sunsets. Clients may call or email their inquiries or reservations to the campgrounds directly; this will ensure the safety of credit card payments and minimize the initial website costs.

Pricing Strategy and Occupation Rates

California RV & Campgrounds will offer the following services which are competitively priced within the industry for the range of on-site amenities offered:

- 10 fully-equipped RV Site hook-ups at \$25.00 per night or \$600.00 per month.
- 20 Tent sites at \$22.00 per night.
- Guided Cultural Hiking Tours for groups of six or more at \$10.00 an hour, per person.
- Fishing Tours for groups of six or more at a rate of \$20.00 an hour, per person.
- Boat tours of swamp lands, \$10.00 per person for a one-hour tour or \$15.00 for a two-hour tour.

Campgrounds are a seasonal business, with modest increases in demand in April and May, a sharp rise in June, and a peak in demand in July and August. September sees a steady decline as the season winds down. August is an especially high camping month, accounting for 33 percent of state campground use. The average length of stay is three to four days. California RV & Campgrounds will take advantage of peak tourist seasons and California Tourist Information Centers tourism traffic. The company will also offer special promotional rates to targeted schools in the Coastal region and Lower Mainland.

The industry has previously been dominated by over 230 state-owned campsites. Today, private campgrounds are on the rise and tend to offer better facilities. During the peak camping season in July and August both public and private campsites are booked to full capacity in an industry where demand outstrips capacity.

During summer peak months it is expected that both RV and tent sites will be with a gradual curve in revenues from April and decline in late October. During the winter months it is conservatively estimated that three RV long-term residents will be booked.

Cultural hiking tours and fishing tours—as untested products—are conservatively estimated to result in less than 3% gross revenue per year. Annual sales are anticipated to increase by 10% per year for the ten RV pads. Due to the limited number of tent sites, annual revenues are not anticipated to increase in this area until the company can expand to develop additional tent sites.

All sales will require a 50% non-refundable deposit, which is industry standard, with the balance due upon arrival. The company will focus on customer service and will offer non-transferable “camping coupons” for their next visit for persons who have any complaints with their camping experience.

Business Feasibility and SWOT Analysis

Strengths

- Government leased land
- Tenino beachfront location
- Cultural component
- Competitive pricing
- Management experience

Weaknesses

- New entrepreneurs
- Limited marketing budget

California RV & Campgrounds will succeed based upon the company's prime location on the waterfront in Tenino, regional tourism draws, competitive pricing and lower operating costs as a result of no land lease or purchase costs. In addition, the company will benefit from the industry experience of Mr. Charles Pearce and the cultural component of operations that establishes a unique market advantage within the industry.